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Chief, Economic Research Area, ORR

12 June 1959

THRU : Chief, Planning and Review Staff, ORR
Deputy Chief, Industrial Division, ORR

Budget Data, FY 1959, 1960, and 1961

REF : Chief E's memo, 1 June 1959

Complying with referenced memo, we submit the attached suggestions for inclusion in the statement of program activity of the Economic Research Area for 1959, 1960, and 1961. We have keyed our suggestions to the numbered paragraphs of last year's submission.

Attachment

Distribution:

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Accomplishments during Fiscal Year 1962

1. Paragraphs 1 and 4: "Guided Missile Intelligence Committee" should be changed to read "Guided Missile Astronautics and Intelligence Committee".
2. Paragraphs 2, 3, and 4: "IAC" should be changed to "USIB".
3. Paragraph 7 - Change last sentence to read as follows:

In connection with National Intelligence Estimates of Soviet capabilities in the field of guided missiles, this activity was the principal contributor of intelligence on the factors affecting operational capabilities including production, deployment, logistics, and training.

4. Paragraph 8 - Change to read as follows:

In the study of the Soviet guided missile program, this activity was the principal contributor of economic and deployment intelligence to the Guided Missile and Astronautics Intelligence Committee (GMAIC) of USIB.

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5. Paragraph 9 - Change to read as follows:

This activity continued to make significant contributions to intelligence on the over-all economic impact of Bloc military programs, including estimates of military expenditures required to support individual offensive and defensive weapons systems. A paper entitled "Military-Economic Expenditures of the USSR, 1955-1963" was the basis for briefings of various committees and subcommittees of Congress, the National Security Council, the Secretary of Defense, and the Army Policy Council.

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Accomplishments during Fiscal Year 1959 (Cont'd.)

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8. Add a new paragraph to read as follows:

This activity made significant contributions to the National Intelligence Estimate "Main Trends in Soviet Capabilities and Policies, 1958-1963" regarding estimates of current and projected strengths of Soviet long-range nuclear striking forces.

9. Add a new paragraph to read as follows:

Basic studies on the electronics industry in the USSR, East Germany and Communist China, completed during Fiscal 59, should go a long way toward filling priority intelligence gaps in electronics information.

10. Add a new paragraph to read as follows:

Contributions to the National Intelligence Survey program included Section 64 - Manufacturing and Construction - for the USSR and East Germany.

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Fiscal Year 1960

1. Paragraph 5 - Rewrite to read as follows:

Research on the economic aspects of Soviet programs for guided missiles and space vehicles, directly or indirectly in support of the National Intelligence Estimates in this field, will continue to be directed toward closing the important gaps in U. S. economic intelligence on the principal organizations and facilities engaged in the Soviet guided missile production program, and in determining the capabilities of various industrial sectors of the economy to support this program. Significantly increased attention will be devoted to determining the location and scope of Soviet guided missile deployment activities, particularly for long-range missiles; assessing Soviet operational capabilities with these weapons systems; and evaluating the economic factors involved in Soviet missile deployment programs.

2.

3. Add the following paragraph:

The comprehensive program of updating of Sections 64, Manufacturing and Construction, of Bloc country National Intelligence Surveys will continue, with Hungary, Rumania, Communist China, and North Vietnam scheduled for study during Fiscal 60.

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Fiscal Year 61

Add the following paragraphs:

1. In Fiscal Year 61 it is proposed to continue, improve and increase pursuit of the objectives indicated for Fiscal 59 and 60. Particular attention is expected to be focussed on the increased provision of collection aids and assistance, on interpretation of needs of the intelligence community with respect to the Bloc industrial economics, and the development of capability to supply these needs.
2. The Area's research effort on the economic aspects and deployment activities of the Soviet guided missile program will continue at an increased pace during Fiscal 61. This expanded effort will reflect the movement of increasing numbers of Soviet missile systems from research and development status to series production and operational deployment.



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